

CONFIDENTIAL

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Latvia

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Dear

GROSWALD, Latvian Minister (informal) at Paris, tells me the following:

1. The pre-war Latvian State has deposited with the Bank of France the sum of five million (5,000,000) gold French francs.
2. He has taken up at the Foreign Office with BIDAULT and at the Bank of France with BAUMGARDNER (sp) the release of these funds to him as "Latvian Minister" and "recognized representative of the Latvian Government."
3. Both the Foreign Office and the Bank of France have refused to accept and act on his representations on the grounds that "there is no Latvian Government in succession to the Riga Government recognized as such by the French Government." The French Government likewise does not recognize the Soviet Government as successor to the Latvian Government and will not turn over the funds to Moscow. The funds thus remain blocked in the French bank.
4. Recently, he saw a Foreign Office letter signed by Bidault apparently to the Bank of France setting forth the above policy as that of the French Government.

Minister Groswald went on to say that he had requested "American intervention" with the French to the end that they release the funds to him as representative of the legal Government of Latvia but that he does not expect favorable action. He expressed the view that if the French could be persuaded to release 1,000,000 francs and block the rest, it would be most helpful to the Latvians in the present situation.

Sincerely,

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